

CONSOLIDATED QUARTERLY REPORT
2013 Q2

For the period 1.1.2013 – 30.6.2013

BGS Energy Plus a. s.



12.8. 2013

Svetla nad Sazavou, Czech Republic

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1 Selected consolidated financial results for the period 1 January 2013 to 30 June 2013

	1.1.2013 – 30.6.2013		1.1.2012 – 30.6.2012	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues (with revenues from sales of own property and other operation revenues)	261 120	10 145	322 648	12 824
Consumption	215 099	8 357	302 902	12 309
Operating profit	46 021	1 788	19 746	785
EBITDA	54 122	2 103	25 263	1 004
- Of which Depreciation	8 129	316	7 012	279
EBIT	45 993	1 787	18 251	725
Profit/loss before taxation (EBT)	40 008	1 554	15 106	600
Profit/loss after taxation	29 008	1 127	11 956	475
Balance sheet				
Fixed Assets	365 568	14 087	258 525	10 083
Current Assets, of which:	493 238	19 007	328 341	12 806
- Short-term receivables	244 073	9 406	162 147	6 324
- Current financial assets	41 448	1 597	28 599	1 115
Total Assets	860 388	33 156	589 414	22 988
Equity	185 590	7 152	111 506	4 349
Short-term liabilities	257 848	9 936	239 118	9 326
Long-term liabilities including bank loans	416 936	16 067	234 930	9 337

Note: Exchange rates provided by the Czech National Bank

2 Selected consolidated financial results for the period 1 April 2013 to 30 June 2013

	1.4.2013 – 30.06.2013		1.4.2012 – 30.06.2012	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues	160 660	6 242	236 842	9 324
Consumption	125 746	4 886	222 103	8 744
Operating profit	34 914	1 356	14 739	580
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	38 456	1 493	18 281	720
- Of which Depreciation	4 102	159	4 452	175
EBIT (Profit + Interest expenses + Income tax)	34 354	1 334	13 829	544
Profit/loss before taxation (EBT)	32 444	1 260	11 770	463
Profit/loss after taxation	23 420	910	9 415	371
Balance sheet				
Fixed Assets	365 568	14 087	258 525	10 083
Current Assets, of which:	493 238	19 007	328 341	12 806
- Short-term receivables	244 073	9 406	162 147	6 324
- Current financial assets	41 448	1 597	28 599	1 115
Total Assets	860 388	33 156	589 414	22 988
Equity	185 590	7 152	111 506	4 349
Short-term liabilities	257 848	9 936	239 118	9 326
Long-term liabilities including bank loans	416 936	16 067	234 930	9 337

3 The management board's comments on factors and events that affect the achieved financial results

The BGS Group consolidated turnover for the period 1.4.2013 – 31.6.2013 exceeded CZK 160mio. This value was achieved, above all, thanks to the growth of EPC (Engineering-Procurement-Construction) projects constructed by BGS Biogas a.s., which is consolidated according to the full method.

The Group consolidated EBITDA for 2Q2013 is CZK 38mio.

4 General information about the Issuer

Company Name: BGS Energy Plus a.s.
 Company Address: Zamecka 7, 582 91 Svetla nad Sazavou, Czech Republic
 www: www.bgs-energy.cz
 Ticker: BGS
 ISIN: CZ0005121707
 Authorized Advisor: CMS Corporate Management Services Sp. z o.o.

5 General information about the Group

The following table presents the Group's structure and the holding company's stake in the entities comprising the Group:

Entity name	Country of registration	% of share capital held by the holding company	Consolidation method
Energy produkt plus s.r.o.	Czech Rep.	100%	full consolidation
Agroprodukt plus a.s.	Czech Rep.	100%	full consolidation
BGS Biogas a.s.	Czech Rep.	100%	full consolidation
Podhradi s.r.o.	Czech Rep.	100%	Full consolidation
Mlyn Okor s.r.o.	Czech Rep.	40%	equivalence method
Družstvo vlastníků Petrovec	Czech Rep.	67%	equivalence method

BGS Energy Plus a.s. is a group of companies involved in electricity and heat production from power plants powered by biogas. The group builds biogas plants for its own account as well as for clients on engineering, procurement and construction (EPC) basis. BGS Energy Plus a.s. is a holding company, responsible for the full cycle of energy production, from growing and management of agricultural substrates, through engineering and construction management, technology procurement as well as biogas plants ownership and management.

6 Share capital of the Issuer

SHARE CAPITAL AS AT 30 June 2013

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares
A	bearer	No	Yes	11 459 000
B	bearer	No	No	3 750 000
Total number of shares				15 209 000
Total share capital in CZK				15 209 000
Nominal value per share = CZK 1,00				

7 Shareholder structure

As of 30 June 2013 the Issuer's shareholder structure was as follows:

Shareholder	No. of shares	% of capital	No. Of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Ales Radil	3 819 666	25,11451	3 819 666	25,11451
Radim Hruza	3 819 666	25,11451	3 819 666	25,11451
Zdenek Radil	3 819 666	25,11451	3 819 666	25,11451
Ales Radil, Radim Hruza, Zdenek Radil (as a common ownership)	2	0,00001	2	0,00001
Other investors	3 750 000	24,656	3 750 000	24,656
TOTAL	15 209 000	100.00%		100.00%

8 Statutory bodies of the issuer

Board of Directors

Position	Name	Date of Birth	Position held since
CEO	Ales Radil	2. 2. 1973	20. 5. 2009
Board member	Radim Hruza	1.10. 1977	20. 5. 2009
Board member	Ing. Jindra Radilova	26.5. 1971	20. 5. 2009

Supervisory Board

Position	Name	Date of Birth	Position held since
Chairman	JUDr. Ing. Zdeněk Radil	31. 1. 1975	20. 5. 2009
Board member	Ing. Jaromir Peklo, PhD, MBA	30. 8. 1973	18. 6. 2009
Board member	Ing. Stepan Dlouhy	23. 8. 1977	18. 6. 2009

In the period from January 2013 to 30 June 2013 there have been no changes in board of directors and Supervisory Board

9 Report on the Issuer's activities in 2013 Q2

BGS Group has three main areas of activity: (A) Development and operation of own biogas plants, (B) Construction of biogas plants for third parties on EPC basis, (C) Accounting services for large corporates.

A. Development and operation of own biogas plants

BGS Závídkovice

The Zavidkovice biogas plant has been already working for 5 years, the plant was renewed by additional cogeneration unit MAN BGG 370 in 3Q 2011. The output was increased to 990 kW with usage of the special bioextrusion machine during the 3Q2012.

BGS Suchdol nad Odrou

The Suchdol biogas plant is operated in cooperation with Agrosumak,a.s. It is already working 2,5 year. The second storage fermentor was constructed, so it is possible to utilize also already fermented material. The project to use the biogas plant originated heat is prepared to heat municipal and private buildings.

BGS Číhošť

The Cihost biogas plant has been working almost two years. At this moment the plant is working at 94%, so it is according with planned numbers.

BGS Ovesna Lhota

The Ovesna Lhota biogas plant is working at almost 100% energy production output.

B. Construction of biogas plants for third parties on EPC basis

During the second quarter 2013, BGS Biogas has finalized biogas stations construction work for clients.

Beside these construction work BGS Biogas is continuously working on preparation of new projects for agricultural sector.

C. Accounting activity

Energy product plus s.r.o. provides accounting and human resources services. The company revenues from the activity in 2Q2013 were ca. CZK 2,5 mio.

10 Detailed consolidated financial results for the period of 1 January 2013 to 30 June 2013

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the period 1 January 2013 to 30 June 2013 and the corresponding period in 2012.

		1.1.2013 – 30.6.2013		1.1.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	462	18
A	Cost of goods sold on third party goods	0	0	42	2
+	Trading margin	0	0	420	17
II.	Turnover from products, services and materials	250 227	9 721	311 928	12 398
B	Cost of products, services and materials	189 479	7 361	273 322	10 863
	Gross margin	60 748	2 360	39 026	1 551
C	Personel costs	11 068	430	14 284	568
C. 1.	Labour costs	8 192	318	10 514	418
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	2 343	91	3 114	124
C. 4.	Social costs	533	21	656	26
D	Taxes and charges	222	9	255	10
E	Depreciation	8 129	316	7 012	279
III.	Revenues from sales of own property	5 081	197	9 012	358
F	Value of small property	1 490	58	5 776	230
VI.-VII.	Other operation revenues	5 812	226	1 246	50
I – J	Other operation costs	4 711	183	2 211	88
	Operating profit	46 021	1 788	19 746	785
XIV.	Financial revenues	2 467	96	1 166	46
Q	Financial costs	7 042	274	5 169	205
	Interests thereof	5 985	233	3 145	125
	Consolidated profit from financial operations	-4 575	-178	-4 003	-159
	Income tax for common activity	11 000	427	3 150	125
	Income tax for common activity due	11 000	427	3 150	125
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	30 446	1 183	12 593	501
XVI.	Extra incomes	0	0	2	0
S	Extra costs	0	0	1	0
XVII.	Passive consolidation difference clearance	-246	-10	264	10
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	-246	-10	265	11
	Consol. profit for acc. period without equivalent ratio	30 200	1 173	12 858	511
	Share in equivalency	-1 192	-46	-902	-36
	EBT	40 008	1 554	15 106	600
	EBIT	45 993	1 787	18 251	725
	EBITDA	54 122	2 103	25 263	1 004
	NET PROFIT/LOSS	29 008	1 127	11 956	475

Balance Sheet for the of 1 January 2013 to 30 June 2013 with comparative results

		1.1.2013 – 30.6.2013		1.1.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	860 388	33 156	589 414	22 988
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	365 568	14 087	258 525	10 083
B I.	Long-term intangible asset	2	0	214	8
B II.	Long-term tangible asset	346 782	13 363	256 396	10 000
	1. Land	5 614	216	3 554	139
	2. Buildings	83 551	3 220	44 071	1 719
	3. Individual tangible assets (chattels)	86 124	3 319	38 476	1 501
	5.	0	0	4 824	188
	7. Uncompleted long-term property	169 341	6 526	163 116	6 362
	9. Difference in valuation of purchased property	2 152	83	2 355	92
B III.	Financial investment	24 450	942	5 883	229
B IV.	Consolidation differences positive/ negative	-8 342	-321	-3 274	-128
B V.	Shares from equity method	2 676	103	-694	-27
C	Current assets	493 238	19 007	328 341	12 806
C I.	Inventories	127 394	4 909	84 900	3 311
C II.	Long-term receivables	80 323	3 095	52 695	2 055
C III.	Short-term receivables	244 073	9 406	162 147	6 324
C IV.	Current liquid funds	41 448	1 597	28 599	1 115
	1. Cash and cash equivalents	19 259	742	15 673	611
	2. Bank accounts	20 349	784	11 228	438
	3. Purchased short-term investment	1 840	71	1 698	66
D	Accrual and deferral of assets	1 582	61	2 548	99
		1.1.2013 – 30.6.2013		1.1.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	860 388	33 156	589 414	22 988
A	Equity	185 590	7 152	111 506	4 349
A I.	Registered share capital	15 109	582	15 209	593
A II.	Reserved capital	36 790	1 418	36 750	1 433
A III.	Retained earning	1 585	61	2 982	116
A IV.	net profit of previous period	103 137	3 974	44 609	1 740
A V.	net profit without minorities	29 007	1 118	11 956	466
1.	Net profit of common period	30 199	1 164	12 858	501
2.	Share of profit in equivalency	-1 192	-46	-902	-35
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	674 784	26 003	474 048	18 489
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 338	822	35 431	1 382
B III.	Short-term liabilities	257 848	9 936	239 118	9 326
B IV.	Bank loans	395 598	15 245	199 499	7 781
	1. Long-term loans	368 407	14 197	181 458	7 077
	2. Short-term loans	15 848	611	16 250	634
	3. Short term borrowings	11 343	437	1 791	70
C	Accrual and deferral of liabilities	14	1	682	27
D	Minority equity	0	0	3 178	124

D I.	Minority capital stock	0	0	881	34
D II.	Minority capital funds	0	0	687	27
D III.	Minority profit funds incl. previous period	0	0	1610	63
D IV.	Minority P/L of common period	0	0	0	0

11 Detailed consolidated financial results for the period 1 April 2013 to 30 June 2013

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the period 1 April 2013 to 30 June 2013 and the corresponding period in 2012.

		1.4.2013 – 30.6.2013		1.4.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	462	18
A	Cost of goods sold on third party goods	0	0	42	2
+	Trading margin	0	0	420	17
II.	Turnover from products, services and materials	150 479	5 846	226 154	8 904
B	Cost of products, services and materials	110 423	4 290	200 426	7 891
	Gross margin	40 056	1 556	26 148	1 029
C	Personel costs	5 650	430	9 293	366
C. 1.	Labour costs	4 211	164	6 908	272
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	1 238	48	1 962	77
C. 4.	Social costs	201	8	423	17
D	Taxes and charges	148	6	191	8
E	Depreciation	4 102	159	4 452	175
III.	Revenues from sales of own property	5 014	195	9 012	355
F	Value of small property	1 490	58	5 776	227
VI.-VII.	Other operation revenues	5 167	201	1 214	48
I – J	Other operation costs	3 934	153	1 922	76
	Operating profit	34 914	1 356	14 739	580
XIV.	Financial revenues	524	20	318	13
Q	Financial costs	2 792	108	2 814	111
	Interests thereof	1 910	74	2 059	81
	Consolidated profit from financial operations	-1 195	-46	-2 496	-98
	Income tax for common activity	9 024	351	2 355	93
	Income tax for common activity due	9 024	351	2 355	93
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	24 695	959	9 888	389
XVI.	Extra incomes	0	0	2	0
S	Extra costs	0	0	1	0
XVII.	Passive consolidation difference clearance	-281	-11	229	9
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	-281	-11	230	9
	Consol. profit for acc. period without equivalent ratio	24 413	948	10 118	398
	Share in equivalency	-993	-39	-703	-28
	EBT	32 444	1 260	11 770	463
	EBIT	34 354	1 334	13 829	544
	EBITDA	38 456	1 493	18 281	720
	NET PROFIT/LOSS	23 420	910	9 415	371

Balance Sheet for the period 1 April 2013 to 30 June 2013 with comparative results

		1.4.2013 – 30.6.2013		1.4.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	860 388	33 156	589 414	22 988
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	365 568	14 087	258 525	10 083
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B II.	Long-term tangible asset	346 782	13 363	256 396	10 000
	1. Land	5 614	216	3 554	139
	2. Buildings	83 551	3 220	44 071	1 719
	3. Individual tangible assets (chattels)	86 124	3 319	38 476	1 501
	5.	0	0	4 824	188
	7. Uncompleted long-term property	169 341	6 526	163 116	6 362
	9. Difference in valuation of purchased property	2 152	83	2 355	92
B III.	Financial investment	24 450	942	5 883	229
B IV.	Consolidation differences positive/ negative	-8 342	-321	-3 274	-128
B V.	Shares from equity method	2 676	103	-694	-27
C	Current assets	493 238	19 007	328 341	12 806
C I.	Inventories	127 394	4 909	84 900	3 311
C II.	Long-term receivables	80 323	3 095	52 695	2 055
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C IV.	Current liquid funds	41 448	1 597	28 599	1 115
	1. Cash and cash equivalents	19 259	742	15 673	611
	2. Bank accounts	20 349	784	11 228	438
	3. Purchased short-term investment	1 840	71	1 698	66
D	Accrual and deferral of assets	1 582	61	2 548	99
		1.4.2013 – 30.6.2013		1.4.2012 – 30.6.2012	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	860 388	33 156	589 414	22 988
A	Equity	185 590	7 152	111 506	4 349
A I.	Registered share capital	15 109	582	15 209	593
A II.	Reserved capital	36 790	1 418	36 750	1 433
A III.	Retained earning	1 585	61	2 982	116
A IV.	net profit of previous period	108 724	4 190	47 150	1 839
A V.	net profit without minorities	23 420	910	9 415	367
1.	Net profit of common period	24 413	948	10 118	395
2.	Share of profit in equivalency	-993	-39	-703	-27
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	674 784	26 003	474 048	18 489
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 338	822	35 431	1 382
B III.	Short-term liabilities	257 848	9 936	239 118	9 326
B IV.	Bank loans	395 598	15 245	199 499	7 781
	1. Long-term loans	368 407	14 197	181 458	7 077
	2. Short-term loans	15 848	611	16 250	634
	3. Short term borrowings	11 343	437	1 791	70
C	Accrual and deferral of liabilities	14	1	682	27
D	Minority equity	0	0	3 178	124

D I.	Minority capital stock	0	0	881	34
D II.	Minority capital funds	0	0	687	27
D III.	Minority profit funds incl. previous period	0	0	1610	63
D IV.	Minority P/L of common period	0	0	0	0

12 The factors which will influence the results achieved by the Group - Description of threats and risks

Business operational risks

The company is a holding company, therefore risks identified here below pertain to the company as well as to the operating entities within the BGS group of companies. Any reference to the company is also understood as reference to any entity within the group, unless explicitly stated otherwise.

Legislative, regulatory and market risks:

The economic viability of energy production using BGS installations depends on Feed-in-Tariff (FiT) systems, which are in effect based on material cross-subsidies from all energy users in a given jurisdiction. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per kWh produced, an elimination or reduction of the indexation of the FiT, a shortening of the period for which the FiT applies to BGS installations. At this time there are differing legal opinions in relation to the actual duration of the FiT for BGS installations in the Czech Republic as the duration explicitly specified by law is 15 years whereas the latest applicable regulatory notice by the Czech Energy Regulator specifies 20 years which is the period most importantly recognized by the financing banks.

Any future changes to the adopted regulations may have a material negative impact on the company business and its financial results.

Operational risks and harm to personnel and property:

There will always be risks involved in the operation and installation of BG power stations, the installation of BG power stations for third parties as well as the production of input material for the BG power plants. The build-up of these business areas is occurring simultaneously, thus posing high demands on management resources. The Issuer operates in a highly dynamic industry experiencing exponential growth, thereby posing very high demands on the companies resources and its ability to deliver on projected goals.

The operating risks relating to the development of BG projects and the installation and operation of BG power stations include among others unexpected failure or damage to the biogas technology and other technical equipment, theft or sabotage, or adverse weather conditions causing production interruptions and damage. The Issuer seeks to prevent loss or damages from such occurrences by concluding insurance contracts, planning regular extensive maintenance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high lost revenues, operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Issuer's operating results and its financial position. Additionally, the occurrence of any of these risks could hurt the company reputation.

Technological risks:

The technology involved in the production of biogas is characterized by incremental developments. Currently the company does not own any patents for the technology used in relation to BG technologies. However, the development of new technology may fundamentally change the economics of electricity production by biogas combustion and biogas production as such. For various reasons the company may not

gain access to this new technology, which may put it at a significant disadvantage to its competitors. New technology may therefore have material adverse effects on the company operating results, investment returns and financial condition.

Construction and performance risk:

A BG power station is based on several technical components, e.g. fermentors, raw material feeder, electro-installation, gas treatment system, cogeneration units, pipe-lines, control system, pumping devices, mixing device, wiring, converters, transformers and grid connection devices. There is always risk associated with the construction and installation of BG power stations. Despite efforts made to reduce such risks, there can be no assurances that delays and cost overruns will not occur. Furthermore, the Issuer might be dependent upon the ability of sub-contractors to install particular BG power station component that meet specifications, performance parameters, quality standards and delivery schedules of the Issuer. Delays, cost overruns or the underperformance of installed BG power stations could have a material adverse impact on the companies operating results, investment returns and financial position.

The biogas production draws on biomass fermentation process which is a time proven technology. However, the stability of the biogas production process respectively the stability of biogas power plant performance depends on stability of certain operating parameters, e.g. composition of the raw material mix, raw material quality, presence of undesirable substances, temperature and acidity in fermentors. Unstable performance of installed BG power stations could have a material adverse impact on the company operating results, investment returns and financial position.

The company is required to maintain inventories, which at times may amount to several months of operations. Such inventories may deteriorate, inflame, or be destructed in any other way, which will have a material impact on the companies ability to continue operations.

Contractual risks:

The company business depends on contracts with multiple parties including, but not limited to, land owners, banks, investors, joint venture partners, raw material suppliers, contractors, energy utilities and electricity customers. Each contract normally involves a substantial value or consideration to the company. Furthermore, some of the contracts might be governed by foreign law, which may create both legal and practical difficulties in case of a dispute or conflict. The company currently operates in a jurisdiction and in future in other jurisdictions where the ability to protect contractual and other legal rights may be limited compared to jurisdictions with more well-established legal systems.

Certain important contracts, have not yet been concluded. This may be the case in relation to the projects already in operation (Zavidkovice) as well as those under planning. Timing to conclude various agreements, may be limited by market conditions, willingness of the counterparty, or dictated by best judgement of the Issuer's management. As the company operates in a dynamic, competitive and new market environment, it is required to start operations and/or incur costs, without the possession of all written agreements. This may result in losses to the company, and impact its financial position, without the ability to seek recourse against its counterparty.

Contracts already concluded can be cancelled, by the Issuer or its counterparty. Even though the company will use its best efforts to fulfil all its obligations stipulated in such contracts, it may not avoid that some contracts are cancelled, which may have a material negative impact on its operations.

Competitive situation:

The development and operation of BG power stations might become highly competitive in the future. The company competes with other companies with an equal or larger resource base for suitable location and land plots, grid connectivity, human resources, raw materials etc. There can be no assurance that the company will be able to respond to existing and new sources of competition. Competition may therefore have material adverse effects on the Issuer's operating results, investment returns and financial condition.

Uninsured losses:

The development and the operation of BG power plants are subject to a number of risks and hazards, including adverse environmental conditions, theft, technical failure, changes in the regulatory environment and force majeure. Although the company maintains some insurance to protect against certain of these risks, the Issuer's insurance will not cover all the potential risks associated with the development and operation of BG installations. Unanticipated occurrences, insured or uninsured, could have a material adverse effect on the company operating results and financial condition.

Dependence on key personnel:

The company development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. Due to the current strong development of the Czech economy in general and the dramatic increase in activities relating to the development of renewable energy installations in the country, the demand for people is high and the costs are increasing. There is always risk associated with wage levels for qualified personnel in such market environments. Financial difficulties or other factors could also adversely affect the company ability to retain key employees. The loss of the services of any key personnel may have negative effects on the company operating results and financial condition.

In addition, the company business is subject to continued expansion, and thus dependent upon further employment of personnel.

Environmental risk

The company operations are subject to numerous national and supra-national, environmental, health and safety laws, regulations, treaties and conventions (together, "Operational Regulations"), including, inter alia, those controlling the discharge of materials into the environment, requiring removal and cleanup of environmental contamination, establishing certification, licensing, health and safety, taxes, labour and training standards, operation of the BG power stations or otherwise relating to the protection of human health and the environment. The amendment or modification of existing Operational Regulations or the adoption of new Operational Regulations curtailing or further regulating the operation of BG installations could have a material adverse effect on the company operating results and financial condition. The company cannot predict the extent to which future earnings or capital expenditures may be affected by compliance with such new Operational Regulations.

In addition, the company may be subject to significant fines, penalties or liability if it does not comply with any such existing or future Operational Regulation.

During the lifespan of a BG power plant certain environmental changes, in particular poor crop and significant reduction of farming activity, can have a negative impact on performance and thus the financial performance and position of the company.

Financial risks

The company has invested significant efforts and financial resources into negotiating rental agreements, acquiring raw materials, organizing and executing the joint venture business with UTS, building a professional team, and incurred legal and license fees. If there is a material adverse change in the general prospects for electricity production by biogas combusting, the value of the company tangible and intangible assets would be impaired and the company would be required to take a charge against its earnings. In general, the company future sales and investment returns are uncertain and depend on a variety of factors, many of which will be beyond the company control.

Political, economical and other uncertainties

Changes in the regulatory, legislative and fiscal framework (including tax rules) governing the production of electricity by combusting biogas could have a material impact on the Issuer's operations. In particular, changes in FiT regimes and capital subsidies schemes will constitute a material risk factor for the company operations in foreign countries.

Companies operating internationally are also subject to various risks including risks of war, terrorist activities, political, civil or labour disturbances and embargoes. The company currently operates in the Czech Republic and may decide to operate in other new European Union member countries including Slovakia, Slovenia, Hungary, Bulgaria and Romania as well as other emerging European countries. Operations in emerging European countries may present risks that are not encountered in countries with well-established economic and political systems, including:

- Economic instability, which could make it difficult for the Issuer to anticipate future business conditions in these markets, cause delay in projects that have been awarded to the Issuer and subject the Issuer to volatile markets;
- Political instability, which may make customers less willing to make investments in such regions, and complicate dealings with governments regarding permits, licenses and other regulatory matters;
- Boycotts and embargos that may be imposed by the international community on countries in which the company operates, which could affect the company ability to operate in such countries;
- The imposition of unexpected taxes or other payments on the company revenues in these markets; and
- The introduction of exchange controls and other restrictions by foreign governments.

In addition, the legal and regulatory systems of the emerging European markets identified above may be less developed and less well enforced than in more developed countries. The company ability to protect contractual and other legal rights in those regions may thus be limited compared to regions with more well established markets. The Issuer cannot offer any assurance that the company exposure to conditions in emerging European countries will not have a negative effect on its financial condition and results in operations.

13 Exchange rates

The following exchange rates were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2012	30.6.2012	25,64	25,16
01.04.2012	30.6.2012	25,64	25,40
01.01.2013	30.6.2013	25,95	25,74
01.04.2013	30.6.2013	25,95	25,74

Source: Czech National Bank

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Income Statement exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.

14 Management Board declaration

We hereby confirm that according to our best knowledge the information about BGS Energy Plus a.s. contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

Prague, August 12, 2013

15 Investors Relations contact

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